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20 November 1970

Project No. 51.5567

Economic Developments in North Vietnam
During October 1970

Introduction

This monthly report reviews economic developments within North Vietnam, including the receipt of economic and military aid and the construction of military facilities. These developments are selected on the basis of their relevance to North Vietnam's ability to continue supporting the war in Indochina, ^{programs for restoration of} and to ~~restore~~ the economy and thus to their possible effect on the country's desire or need to negotiate a settlement of the current conflict.

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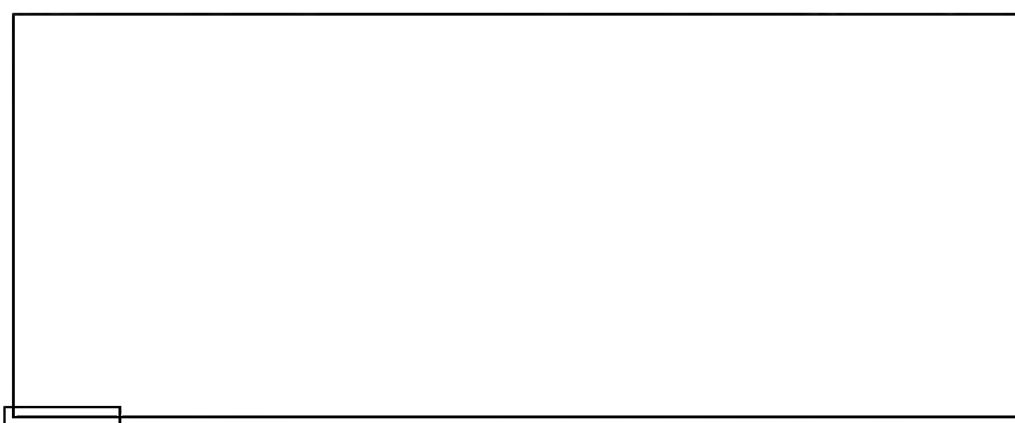
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[redacted] three bridges on Railroad Route 1, between Thanh Hoa and Vinh,

were observed being reconstructed [redacted]

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The bridges are located respectively 6, 18, and 50 nautical miles south of Thanh Hoa. Only one of these bridges had not been in service before the initiation of the reconstruction activity but even in this case traffic had been maintained by a bypass bridge. For each of the three bridges the substructure, which had been constructed in a temporary manner, was observed being replaced by concrete piers and abutments.

Agriculture

5. The harvesting of the early 10th month rice crop started in October and the harvesting operations appear to have progressed satisfactorily during the month. The bulk of the 10th month crop, however, will be harvested in November. Unless some unforeseen development occurs, the 10th month crop this year should be better than last year.

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SINCE THE LESS IMPORTANT FIFTH MONTH CROP HARVESTED IN MAY AND JUNE IS
also believed to have been better than last year's fifth month crop,
prospects are very good that total rice production this year will
continue the upward trend started in 1969. However, it is doubtful
that the average pre-bombing level will be attained this year. [redacted]

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Industry

6. Continued limitations on electric power supply in North Vietnam apparently are jeopardizing plans for fulfillment of industrial production targets. An article in Hanoi Moi on 6 October concerning production tasks at the Hanoi rubber products plant for the fourth quarter of 1970, declared that output goals are expected to be attained in spite of the fact that electricity would not be available for 30 days during the period. Lack of electric power for 24 days during the third quarter was cited as a reason for the plant's failure to meet assigned production quotas. Similar shortages of power have been noted throughout the year at numerous small industries as well as the large industries producing coal, cement, textiles, machinery, and chemicals. Because of power shortages agricultural pumping stations were told to operate during off-peak hours whenever possible, work shifts were staggered in industry, and a general survey

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of power requirements by all consuming enterprises was conducted in the spring of 1970.

7. Despite substantial foreign aid and widespread construction in the electric power industry since the bombing halt, progress in reconstructing damaged generating equipment has been tediously slow. Serviceable generating capacity during the last two years has increased from about one-half to only two-thirds of pre-bombing capacity. When completed, the two Soviet-aided power projects now under construction will probably solve North Vietnam's current power problems. However, both projects appear to be at least a year away from completion. [redacted]

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the Uong Bi powerplant, and photography shows foundations being laid which will double the capacity of the plant. [redacted]

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8. Few changes were noted elsewhere in industry. The Haiphong Cement Plant still is operating at about two-thirds of its pre-bombing level while construction at the site appears to have halted for the past several months even though new kiln sections were delivered to the plant in mid-summer. [redacted]

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[REDACTED] Preparations are in

progress for repair of the damaged Viet Tri paper plant. One blast furnace at the Thai Nguyen Iron and Steel Plant appears to be in sustained operation but only minor activity is evident at other components of the complex. The Bac Giang Chemical Fertilizer Plant remains dormant and no repair of relatively moderate damage to the facility has been noted.

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9. The aid-seeking delegation, headed by Nguyen Con, signed trade and aid agreements with Communist China and the Soviet Union during the month. The Chinese agreements, which were signed on 7 October, provide for economic and technical aid to North Vietnam and include a protocol on Chinese military aid. Later in the month the vice-minister of foreign trade Ly Ban, who was also present at the early meetings and had apparently remained in Peking after the main delegation had departed, signed a trade agreement for 1971. Protocols were signed at the same time on the supply of Chinese materials to North Vietnam for 1971, on China's aid-to North Vietnam in the form of complete projects, and on the living standards and working conditions of Chinese technical personnel sent to North Vietnam.

10. The Con delegation traveled from Peking to Moscow on 7 October and on 22 October Con and the vice-chairman of the USSR Council of Ministers, Nikolai Tikhonov, signed agreements providing for the supply

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of Soviet economic and military aid and credits to North Vietnam. In a Soviet propaganda broadcast directed at China the value of the credits was described as "enormous". A trade agreement for 1971 was signed also. Meanwhile in Hanoi an aid agreement with Albania was signed on 23 October providing for non-refundable economic aid for 1971.

11. Certain changes have taken place in the aid negotiations this year compared to the procedure that has prevailed since 1965. Taken together these changes seem to suggest that a larger share of the aid sought is developmental aid as opposed to maintenance aid. The most obvious change is that this year the main delegation is headed by Nguyen Con who is currently chairman of the State Planning Commission rather than by Politburo member and vice-premier Le Thanh Nghi. Nguyen Con has primary responsibility for formulating North Vietnam's economic plans and his presence as head of the delegation suggests that the aid sought this year is designed to play once again a significant role in the country's economic planning and development. Moreover, for the first time since 1965 the procedure of signing trade and aid protocols for individual years has been revived by China, thereby harking back to the format used in agreements signed in 1960 between Communist countries and North Vietnam prior to the start of North Vietnam's first five-year plan.

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Conclusions

15. There have been no military or economic developments observed during the month which suggest that a weakening in North Vietnam's current negotiating position is imminent. On the contrary the country continues to make efforts to strengthen its military and logistics capability, the economy continues its slow recovery, and the other Communist countries continue to provide North Vietnam with material aid.

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17. The tenth-month crop apparently is being harvested in a satisfactory manner. It is very likely that total rice output this year will surpass last year's total. [redacted]

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[redacted] food sufficiency is not to be expected for many years, if at all.

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18. Industrial recovery continued at a very slow pace during the month. Industrial production continued to be restricted by electric power supply shortages. The Soviet-aided power projects now under construction could probably solve North Vietnam's present power shortage problems, but completion cannot be expected for at least a year.

19. The aid-seeking delegation, headed by Nguyen Con, signed trade and aid agreements with China and the Soviet Union during October. The available evidence suggests that this year the North Vietnamese are seeking a larger share of developmental aid as opposed to maintenance aid.

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